



Pension News

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS

FALL 2004

Pensions increase 1.7 per cent in 2005

You can count on a slightly bigger pension next year.

The annual inflation adjustment, based on changes in the Consumer Price Index, is 1.7 per cent for 2005. That translates into an extra \$612 in before-tax income for a member collecting an annual pension of \$36,000.

The exact amount of your increase will be detailed in a mailing in January. For now, look at the chart

Annual pension	Increase in 2005
\$15,000	\$255
\$20,000	\$340
\$25,000	\$425
\$30,000	\$510
\$35,000	\$595
\$40,000	\$680
\$45,000	\$765
\$50,000	\$850

to see how the increase affects different pensions.

If you started your pension in 2004, your increase will be pro-rated to reflect the number of months after you stopped working during the year.

For example, if you retired in June and began your pension in July, you would receive half of

the increase, or 0.85 per cent more, in 2005.

Your pension is one of only a handful in Canada that is fully protected against inflation.

For information on how your inflation increase is calculated, see page 2. ■

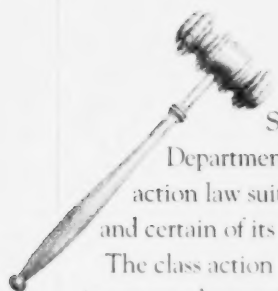


Andree Nottage has plenty of reasons to celebrate. She retired with an indexed pension three years ago after a fulfilling career as a teacher and administrator. Approximately 4,000 members have retired so far this year, increasing the pensioner population to 97,000. That's more than double the number of 10 years ago. (See chart on page 3.)

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Your pension plan co-leads Nortel class action suit



A U.S. court has selected your pension plan and the State of New Jersey Treasury Department to co-lead a securities class action law suit against Nortel Networks Corp. and certain of its former senior executives.

The class action was launched on behalf of investors who purchased Nortel securities and suffered damages as a result of alleged violations of U.S. securities laws during Nortel's 2003 and 2004 fiscal years. The suit claims Nortel executives released false and misleading information on the company's financial performance, artificially inflating its stock price during the period in question.

"All shareholders in public companies rely on

accurate disclosure of information to make informed investment decisions. Therefore, we believe companies, executives and directors should be held accountable for their actions," said Bob Bertram, executive vice-president, Investments.

More information and regular updates on the case are available at www.blbglaw.com, the website of the court-appointed lead counsel for the class.

In similar proceedings, we were appointed earlier this year as co-lead plaintiff in a U.S. securities class action suit against Biovail Corp. and certain of its senior executives. The class action seeks to recover damages caused by the defendants' alleged false and misleading statements during the period from Feb. 7, 2003 to March 2, 2004. ■

How we calculate your annual inflation increase

Every January, your pension is adjusted to keep pace with changes in the cost of living, as measured by the Consumer Price Index (CPI). The CPI, calculated by Statistics Canada, tracks the cost of a weighted basket of goods and services typically purchased by Canadian households every month.

To determine the increase, the average CPI for the 12-month period ending in September is compared to the 12-month average a year earlier. This method of calculating annual increases has been in effect since inflation protection was introduced as a plan feature in 1976.

Many other pension plans, including the two plans for Ontario government employees, use the same method to calculate annual inflation increases. The Canada Pension Plan (CPP) also calculates increases this way, but its 12-month period ends in October.

Your annual pension adjustment usually differs from the inflation rate reported in the media because

of contrasting methods and time periods used to calculate increases in the cost of living. Sometimes your increase will be higher than the current rate of inflation and sometimes it will

be lower. For example, your Teachers' pension increased

3.3 per cent last January, even

though the annual inflation rate for 2003 was only 2 per cent. Over time, fully indexed pension plans will generate roughly the same inflation protection. ■



Client satisfaction rises; your opinion counts

You gave us an A+ grade for service (9.2 of a possible 10) in client satisfaction surveys conducted during the first six months of 2004.

"We're delighted with the results because we've worked hard to foster an environment where the members' needs always come first," said Rosemarie McClean, vice-president, Member Services.

"The challenge is to keep improving, to find ways to do things better, faster and cheaper."

We measure client satisfaction levels from telephone surveys conducted every two weeks by an independent research firm. You may get a call if you recently contacted the pension plan. Members are also surveyed at random four times a year to assess how well we are communicating through *Pension News* and other avenues.

We use the survey results to track our performance and identify areas for improvement. Interviews take

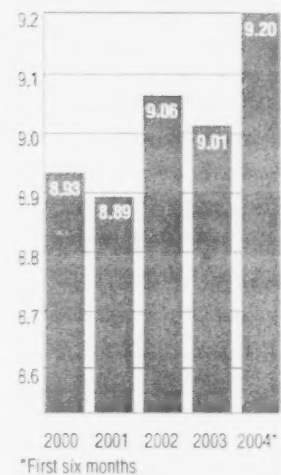
five to 10 minutes and are confidential.

"Thanks to everyone who has participated in the surveys and for the vote of confidence in our service," Rosemarie said.

High marks were also attained in the Cost Effectiveness Measurement survey, which rates the performance of major pension plans on attributes ranging from quality of communications materials to the cost of delivering

services. Our service ranked second among 57 plans from around the world in the last survey in 2003. ■

Client satisfaction ratings



Pensioner population doubles in past 10 years

Year	Teachers	Pensioners	Ratio*
1994	156,331	45,558	3.4
1995	156,387	48,768	3.2
1996	153,444	53,025	2.9
1997	154,386	56,858	2.7
1998	150,672	66,700	2.3
1999	152,659	71,484	2.1
2000	153,501	76,785	2.0
2001	153,679	82,960	1.9
2002	154,525	88,978	1.7
2003	155,644	93,332	1.7
2004**	156,000	97,292	1.6

*Teachers to pensioners **Projected

Did you know?

- Inflation protection accounts for about 25 per cent of the cost of providing your pension.
- Retired teachers have received an average annual inflation increase of 4.3 per cent during the past 25 years.
- Only a small percentage of pension plans in Canada are fully protected against inflation.
- A \$100 basket of goods purchased in 2004 cost \$25.02 in 1974, \$58.00 in 1984 and \$81.74 in 1994.

Part five of a continuing investment series

Infrastructure ideal investment for indexed pensions

We are stepping up our investments in infrastructure and timber, which provide stable returns linked to inflation – an ideal match for the pension plan.

Infrastructure includes essential services, such as highways, water, electricity, airports and pipelines.

"The best infrastructure investments for pension plans are price-regulated monopolies. Typically, they provide a highly certain rate of return tied to inflation. This makes them a good match to the plan's benefits because teachers' pensions are inflation-protected,"

said Bob Bertram, executive vice-president, Investments.

Infrastructure and other inflation-sensitive assets, such as real-return bonds, play an increasingly important role in meeting our investment

performance objectives and decreasing investment risk.

The fund began investing in infrastructure and timber about three years ago when looking for new long-term assets.

Today, more than \$2.3 billion, or about three per cent of the fund, is invested in assets ranging from the international airport in Sydney, Australia, to a high-voltage electricity transmission system in Alberta.

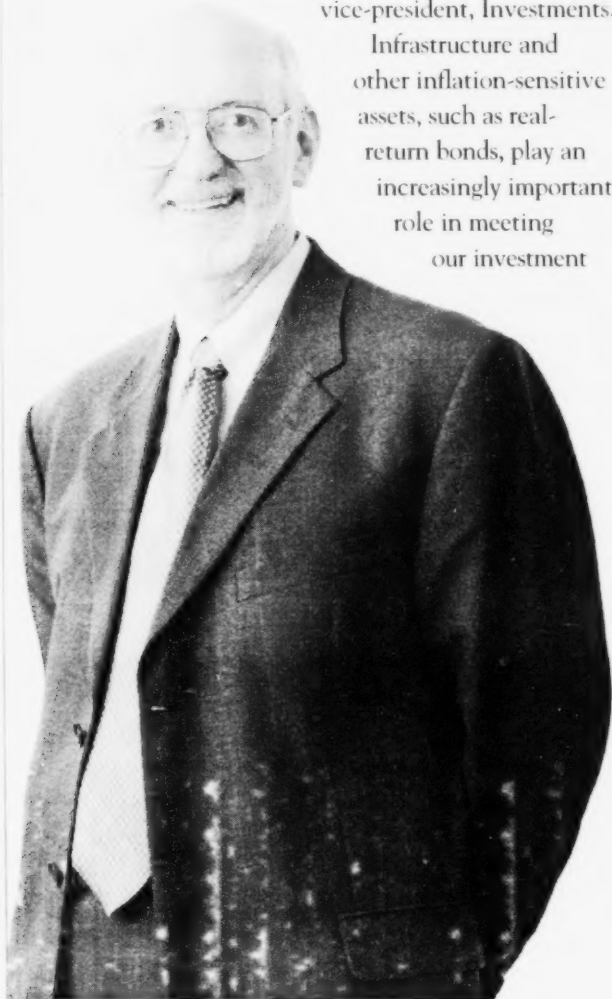
Plans win bid for U.K. gas pipelines

In late August, we teamed up with Borealis Infrastructure, an arm of OMERS, to acquire a 50 per cent combined stake in a British gas distribution network. We each invested \$655 million in the \$7.5 billion Scotland and South of England gas pipeline networks. Scottish and Southern Energy PLC purchased the remaining 50 per cent stake, while the rest of the deal was funded with debt.

"Most of our infrastructure investments are outside Canada because that's where we are finding good opportunities. In this instance, for example, there is a sophisticated and transparent regulatory framework in the U.K. gas sector that provides a strong environment for private investment. We are looking for other similar opportunities to build our infrastructure portfolio," Bob said.

The U.K. network, composed of about 73,000 km of gas mains, delivers fuel to 5.6 million industrial, commercial and domestic consumers in Scotland and southern England.

We and Borealis Infrastructure also have a strategic alliance in an investment in the Express pipeline, which transports oil from Western Canada to markets in the U.S. ■



*Bob Bertram,
executive vice-president,
Investments*

Pension fund finances Parmalat Dairy & Bakery Inc.

Your pension fund has provided \$610 million to finance Parmalat Dairy & Bakery Inc., suppliers of many of the dairy products you buy every week.

"The financing will enable the Canadian arm of Parmalat to drive forward its business while its parent company, based in Italy, restructures its operations. The Canadian firm is profitable with excellent growth potential," said Jim Leech, senior vice-president of Teachers' Private Capital.

Since 1991, we have invested in more than 100 private companies, such as Parmalat, and 25 private equity funds. Returns on private equity investments have averaged more than 25 per cent a year.

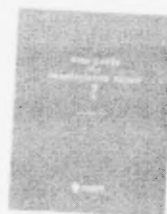
Parmalat Dairy & Bakery Inc. supplies yogurt, butter, cheese and other dairy products to Canadian consumers under its own and other popular names, including Astro, Beatrice, Black Diamond, Balderson and Lactantia. ■

How do our investment results compare to other pension plans?

Our one-, five- and 10-year investment results exceed those of other major pension plans. More importantly, during the past 10 years, the fund beat its composite benchmark, the yardstick that measures our performance against the markets in which we invest, by 1.5 per cent. This 1.5 per cent difference added \$9.1 billion extra to the pension fund. Long-term performance is what counts when measuring investment returns because benefits earned by members today will be paid well into the future. ■

Public sector pension plans	Rates of return*		
	1-year	5-year	10-year
Caisse de dépôt et placement du Québec	15.2	4.1	7.4
College of Applied Arts & Technology (CAAT)	13.3	4.1	n/a
HOOPP (Hospitals of Ontario Pension Plan)	14.9	5.8	8.6
OMERS	12.7	4.3	8.0
Ontario Pension Board	10.9	6.2	9.6
Ontario Teachers' Pension Plan	18.0	7.7	10.0
OP Trust (OPSEU Pension Trust)	17.3	4.6	n/a

* Ending Dec. 31, 2003



Annual report wins gold

Our 2003 *Annual Report* won a gold award at the international ARC Awards in New York in the non-profit/pension fund category. The report was displayed earlier this fall with other gold winners at the Museum of Arts and Crafts in Hamburg, Germany. The report's provocative cover asks: "Who cares about shareholder value?"

"I do," a teacher answers inside the report, "because it pays my pension." The report is available in the publications section of our website at www.otpp.com. You received a summary version of the publication, *Report to Members*, in the spring.

www.otpp.com

You Asked vs

Q Can I change my survivor benefits?

A No, you cannot increase or decrease the survivor pension you chose at retirement. For example, if you chose a 75 per cent survivor pension for your spouse, in exchange for a reduction in your pension, that reduction continues even if your spouse dies before you do.

Q How do I notify you of a move?

A If you are registered for iAccess, our secure member website, you can change your address online. If not, notify us of an address change by phone, fax, mail or e-mail. We need your correct mailing address to deliver important information, such as your T4A. If you have moved or will be moving soon, please let us know right away so we can mail your T4A to the correct address in time for you to file your income tax return.

Q I'm moving to the U.S. Can I receive my pension there?

A We can directly deposit your pension in U.S. dollars at your local financial institution. To arrange for this, complete a U.S. direct deposit form available on our website or by calling 416-226-2700 or 1-800-668-0105. If you are becoming a permanent non-resident of Canada, send us a signed letter confirming the change. The tax we withhold from your pension is based on your principal place of residence. For more information, contact the Canada Revenue Agency at 1-800-267-5177.

Q How much will my pension decrease when I reach age 65?

A Visit iAccess, our secure member website, to see the percentage reduction in your pension at age 65. If you aren't registered for iAccess, look at the statement you received from us when you retired. To give you a rough idea of the amount, a teacher who retired with 25 years of credit can expect an annual reduction of about \$5,000, measured in today's dollars, at age 65. However, the reduction usually will be less than the CPP retirement pension you will receive, even if collected early. ■

Pensioners praise online services at iAccess



Accessing personal pension information online is safe and easy. Just ask the thousands of members who already use iAccess, our secure member website. Here's what some pensioners told an independent research firm when asked why they like iAccess.

"I like the convenience of being able to access my personal information any time." PN

"Well designed, easy to follow instructions, good graphics." HC

"A useful tool. Information at my fingertips. Saves time on phone calls, letter-writing

and even paper and postage." JO

"I can access my records while away in Florida over the winter." MH

"I like the clarity and the joy of not killing a tree." PF

"The thoroughness of your information, both general and personal." WB

To register for iAccess, call 416-226-2700 or 1-800-668-0105, weekdays from 8 a.m. to 5:30 p.m., or visit our website at www.otpp.com. Registration requires only five minutes and an active e-mail account. ■

Is your new spouse eligible for survivor benefits?

Entering into a marriage or common-law partnership after retirement does not automatically result in survivor benefits for your new spouse.

For your new spouse to qualify, you must:

- have no former spouse who is eligible for benefits;
- take a reduction in your pension; and
- apply for coverage within 90 days of your marriage or the date your partner qualifies as a common-law spouse.

If you don't apply within 90 days, you still may be eligible providing we agree that medical evidence (you provide on our form) shows you are in good health for your age.

If you have a dependent or disabled child who is your eligible survivor, your new spouse can receive a survivor pension only after the child ceases to be eligible.

Pension reduction is permanent

To provide the survivor pension, your pension is reduced based on your age, your new spouse's age, and the percentage of survivor pension you wish to provide. The reduction is permanent and remains in effect even if your spouse predeceases you.

When deciding whether to apply for a survivor pension for a new spouse, take into account your life expectancy, your spouse's life expectancy and financial needs both now and in the event of your death. If you retired after May 31, 1995, keep in mind that coverage for your new spouse takes effect six months after you apply. If you die within the six-month waiting period, no benefit is payable to your new spouse. ■

Protect your interests with power of attorney

Have you set up a power of attorney to manage your financial affairs?

A continuing power of attorney for property allows the person you name to act for you on pension-related and other financial matters.

Your continuing power of attorney for property can obtain information and make benefit decisions on your behalf. Without the designation, your spouse or other loved ones are powerless to act for you, even if you are incapacitated as a result of an accident or serious illness.

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For more information, obtain a 24-page power of attorney kit from the provincial Ministry of the Attorney General. The kit, complete with forms, is available online at www.attorneygeneral.jus.gov.on.ca or by calling 416-314-2800 or 1-800-366-0335.

To ensure we can reflect your wishes, please supply us with a copy of your power of attorney. ■

Notable dates

Date	Activity
November 30, 2004	November pension payment deposited*
December 31, 2004	December pension payment deposited*
January 24, 2005	Direct deposit notice mailed (reflects the 2005 inflation adjustment)
February 6, 2005	T4As mailed
*Payments outside Canada sometimes take longer.	

2005 pension pay dates

Your pension is deposited in your bank account on the last business day of every month. Payments in other countries sometimes take a little longer. If you change bank accounts, let us know early in the month in which you want the change to take place.

Month	Deposit
January	Monday, January 31
February	Monday, February 28
March	Thursday, March 31
April	Friday, April 29
May	Tuesday, May 31
June	Thursday, June 30
July	Friday, July 29
August	Wednesday, August 31
September	Friday, September 30
October	Monday, October 31
November	Wednesday, November 30
December	Friday, December 30

Pension News

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We appreciate your comments about anything you read in *Pension News*. Please contact Debra Hanna at (416) 730-5351 or 1-877-812-7989 or e-mail: debra_hanna@otpp.com

This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

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Holidays come early

Emma Eyre is saving the \$5,753.90 she unexpectedly received from us for a rainy day.

The former teacher, now living near Waterford, Ont., had long forgotten about the contribution refund she qualified to receive when she left the pension plan in 1982, following a long-term stint as a supply teacher. Emma, who taught at various elementary schools in Brantford, said she was surprised and delighted when we told her about the funds, which had tripled as a result of interest.

By the end of the year, we hope to locate 5,000 other former members, aged 65 or more, who didn't collect contribution refunds when they left teaching, sometimes decades ago.

So far, we have tracked down more than 3,000 people and paid \$1.3 million in termination benefits. Refunds range from \$15 to a whopping \$31,000, with the average payment pegged at \$700. ■



Holiday hours

Client Services will be closed:

All day Dec. 27, 28, 29 and 30

At 3 p.m. Dec. 24 and 31

Regular business hours resume on Mon., Jan. 3.



